

UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY  
REGION 6  
DALLAS, TEXAS

2006 MAY 16 AM 8:11

FILED  
EPA REGION VII  
HEARING CLERK

DOCKET NO. SDWA-08-2004-0058

IN THE MATTER OF:

CONTINENTAL RESOURCES, INC.

Respondent.

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**FINAL ORDER**

Pursuant to 40 C.F.R. §22.18, of EPA's Consolidated Rules of Practice, the Consent Agreement resolving this matter is hereby approved and incorporated by reference into this Final Order. The Respondent is hereby **ORDERED** to comply with all of the terms of the Consent Agreement, effective immediately upon receipt by Respondent of this Consent Agreement and Final Order.

5-8-06  
DATE

B. J. Harrison  
BENT J. HARRISON  
REGIONAL JUDICIAL OFFICER

UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY  
REGION 8

2006 MAY 16 AM 8:11

FILED  
EPA REGION VIII  
HEARING CLERK

Docket No.: SDWA-08-2004-0058

In the Matter of: )  
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Continental Resources, Inc. ) **CONSENT AGREEMENT**  
 )  
Respondent. )

Complainant, United States Environmental Protection Agency, Region 8 (EPA), and Respondent Continental Resources, Inc. (Continental), by their undersigned representatives, hereby consent and agree as follows.

BACKGROUND

1. EPA issued to Continental a Proposed Administrative Order and Opportunity to Request a Hearing (Complaint) (complaint) filed on September 28, 2004, alleging certain violations of Part C of the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h et seq., and the underground injection controls (UIC) regulations promulgated thereunder.
2. The complaint alleged that Continental, at various times more specifically described in the complaint, violated the UIC permits issued for its four Class II injection wells (Permit numbers MT2587-03549 (Kenneth Dahl #1-8 well); MT2119-00424 (C. Reddig #1 SWD well); MT2063-00080 (Cranston et al #1 well); and MT2055-00067 (Henry Beier #B-2 SWD well)) (hereinafter collectively referred to as the "permits"), and therefore the SDWA by:

- \*\*\* failing for all four of the wells, to comply with annual monitoring reporting requirements and annual fluid analysis reporting requirements as well as by failing to properly record and/or report monitoring information;
- \*\*\* injecting at pressures greater than the maximum allowed for three of the wells; and
- \*\*\* failing for two of the wells to comply with mechanical integrity demonstration requirements which violated the permits and 40 C.F.R. §146.23(b)(3).

The four wells are located inside the exterior boundaries of the Fort Peck Indian Reservation in the State of Montana.

3. To resolve the matters set forth in the complaint, and for and in consideration of the release set forth herein, the parties agree to a settlement requiring Continental to pay a penalty in the amount of \$57,500.00 (fifty-seven thousand five hundred dollars). EPA finds this amount is appropriate, taking into consideration the statutory factors in section 1423(c)(4)(B) of the SDWA and other factors, including but not limited to, Continental's submission of monitoring data and other information justifying a reduction in the proposed penalty and the fact that Continental has, since the issuance of the complaint, sold the four wells and now does not own or operate any Class II injection wells in Region 8.
4. Continental admits that EPA has the jurisdictional authority to issue the complaint and settle this case pursuant to this Consent Agreement, but does not admit liability as to any of the claims for relief set forth in the complaint.

5. This Consent Agreement applies to and is binding upon EPA and upon Continental and its successors and assigns. Any change in ownership or corporate status of Continental, including, but not limited to, any transfer of assets of real or personal property shall not alter Continental's responsibilities under this agreement.
6. From and after the date on which this Consent Agreement is executed by both parties, Continental waives its right to contest any issue of law or fact set forth in the complaint and knowingly agrees to waive its right to a hearing on this matter under section 1423(c)(3)(a) of the SDWA, 42 U.S.C. § 300h-2(c)(3)(a), and to appeal this matter under SDWA section 1423(c)(6), 42 U.S.C. § 300h-2(c)(6).

#### TERMS OF SETTLEMENT

7. Continental consents and agrees to the issuance of the Consent Agreement and for the purposes of settlement to the payment of the amount of \$57, 500.00 (fifty-seven thousand five hundred dollars) in the manner described below in this paragraph:
  - a. Payment is due within thirty (30) calendar days from the date written on the Final Order, issued by the Regional Judicial Officer, that adopts this Consent Agreement. If the due date falls on a weekend or legal federal holiday, then the due date becomes the next business day. The date the payment is made is considered to be the date processed by Mellon Bank described below. Payments received by 11:00 AM EST are processed on the same day, those received after 11:00 AM are processed on the next business day.
  - b. The payment shall be made by remitting a cashier's or certified check or by wire transfer, including the name and docket number of this case, for the amount, payable to "Treasurer, United States of America" to:

**Regular Mail:**

Mellon Bank  
Lockbox 360859  
Pittsburgh, PA 15251-6859

**Federal Express, Airborne, or other commercial carrier:**

U.S. EPA, 360859  
Mellon Client Service Center RM 154-0670  
500 Ross Street  
Pittsburgh, PA 15251-6859

**Wire Transfers:**

Wire Transfers must be sent directly to the Federal Reserve Bank in New York City, New York with the following information:

ABA = 021030004  
TREAS NYC/CTR/  
BNF =/AC-68011008.

A copy of the check or wire transfer shall be simultaneously mailed to the following addresses:

Tina Artemis, Regional Hearing Clerk  
U.S. EPA, Region 8 (8RC)  
999 18th Street, Suite 300  
Denver, Colorado 80202-2466, and

Jim Eppers, Senior Enforcement Attorney  
U.S. EPA, Region 8 (8ENF-L)  
999 18th Street, Suite 300  
Denver, Colorado 80202-2466.

- c. In the event payment is not received by the specified due date, interest accrues from the date of the Final Order, at the rate established by the Secretary of the Treasury pursuant to 31 U.S.C. § 3717, and will continue to accrue until payment in full is received (i.e., on the first late day, thirty (30) calendar days of interest accrues).

- d. In addition, a handling charge of fifteen dollars (\$15.00) shall be assessed the 31<sup>st</sup> day from the date of the Final Order, and each subsequent thirty (30) day period that the debt, or any portion thereof, remains unpaid. Also, a six percent (6%) per annum penalty shall be assessed on any unpaid principal amount if payment is not received within ninety (90) calendar days of the due date (i.e., the one hundred twenty-first (121<sup>st</sup>) calendar day from the date of the Final Order is issued). Payments will first be applied to outstanding handling charges, then to the 6% penalty interest, and then to late interest. The remainder will be applied to the outstanding principal amount.
- e. Continental agrees that the settlement payment shall never be claimed as a federal or other tax deduction or credit.
- f. Continental further agrees and consents that if Continental fails to pay the entire settlement amount within sixty (60) calendar days of the date of the Final Order, the full penalty amount proposed in the complaint, less any payments made, shall become immediately due and owing by Continental.

#### GENERAL PROVISIONS

- 8. Effective upon Continental's compliance with this Consent Agreement, EPA releases Continental, its successors, assigns, officers, directors and employees, from all liability, claims or demands asserted in the complaint through May 1, 2005 (the date Continental sold the wells). This release does not apply to or affect the parties' respective rights and obligations created by this Consent Agreement.
- 9. This Consent Agreement contains all the terms of the settlement agreed to by the parties and it constitutes a complete merger of all prior negotiations and agreements, if any, written or oral, between the parties.

10. Nothing in this Consent Agreement shall relieve Continental of the duty to comply with the SDWA and its implementing regulations.
11. Failure by Continental to comply with any of the terms of this Consent Agreement shall constitute a breach of the agreement and may result in referral of the matter to the Department of Justice for enforcement of this agreement and for such other relief as may be appropriate.
12. Nothing in this Consent Agreement shall be construed as a waiver by the EPA of its authority to seek costs or any appropriate penalty associated with any collection action instituted as a result of Continental's failure to perform pursuant to the terms of this Agreement.
13. The undersigned representative of Continental certifies that he is fully authorized to enter into the terms and conditions of this Consent Agreement and to bind Continental to those terms and conditions.
14. Each party shall bear its own costs and attorneys fees in connection with this matter.
15. The parties agree to submit this Consent Agreement to the Regional Judicial Officer, with a request that it be incorporated into a Final Order.

16. This Consent Agreement, upon incorporation into a Final Order by the Regional Judicial Officer and Continental's full compliance with the terms of the Consent Agreement, shall be a complete and full civil settlement of the specific violations alleged in the Complaint and shall dispose of this proceeding in its entirety.

**CONTINENTAL RESOURCES, INC.**

Date: 4/20/06 By: Don Fischbach  
Name: Don Fischbach  
Title: General Counsel

**U.S. ENVIRONMENTAL PROTECTION AGENCY  
REGION 8**

Date: 5/3/06 By: Elizabeth Evans  
for Carol Rushin  
Assistant Regional Administrator  
Office of Enforcement, Compliance  
and Environmental Justice



## CERTIFICATE OF SERVICE

The undersigned certifies that the original of the attached **CONSENT AGREEMENT/FINAL ORDER** in the matter of **CONTINENTAL RESOURCES, INC.**, **DOCKET NO.: SDWA-08-2004-0058** was filed with the Regional Hearing Clerk on May 16, 2006.

Further, the undersigned certifies that a true and correct copy of the document was delivered to James H. Eppers, Enforcement Attorney, U.S. EPA - Region 8, 999 18th Street - Suite 300, CO 80202-2466. True and correct copies of the aforementioned document was mailed certified/return receipt requested, to:

Don Fischbach  
General Counsel  
Continental Resources, Inc.  
P. O. Box 1032  
Enid, OK 73702  
Telefax No.: 580-242-4703

David A. Bailey  
Christopher Kamper  
1600 Stout Street, Suite 1700  
Denver, CO 80202  
Telefax No.: 303-893-1829

And mailed to:

Honorable Ben J. Harrison  
Regional Judicial Officer  
U.S. Environmental Protection Agency - Region 6  
1445 Ross Avenue, Suite 700  
Dallas, TX 75202

May 16, 2006



Tina Artemis  
Regional Hearing Clerk